

IN THE MATTER OF

Administrative Order # LS-17-2436

WHEREAS, the Securities Division of the Mississippi Secretary of State (“Division”),
has the authority to administer and provide for the enforcement of all provisions of the
Mississippi Securities Act (“Act”) codified at Mississippi Code Annotated Sections 75-71-101,
et seq.; and

WHEREAS, the Division is authorized to issue an order requiring a person to pay restitution for any loss or disgorge any profits arising from violations of the Act or a rule adopted or order issued under the Act; to impose a civil penalty for violations of the Act or a rule adopted or order issued under the Act; and to direct any person to cease and desist from engaging in the act, practice, or course of business when the Administrator determines a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act; and

WHEREAS, action by the Division in this instance is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act;

NOW, THEREFORE, the Division, as Administrator of the Act, hereby enters its Order to Pay Restitution, to Pay Administrative Penalty, and to Cease and Desist:

I. PARTIES

1. The Secretary of State ("Administrator") has the authority, pursuant to the Act, to administer and enforce the Act and regulate the offer and sale of securities in Mississippi, including the firms and persons who offer or sell securities or who provide investment advice regarding securities.
2. Respondent B&B Energy of New Orleans, Inc. ("B&BNO") is a corporation formed in Louisiana on March 8, 2012 with a last known address, according to Louisiana Secretary of State Business Filing, of 201 St. Charles Avenue in New Orleans, Louisiana 70170.
3. Respondent David Arthur Brewer ("Brewer") is an individual with a last known residential address of 134 South Pine Drive in Ragley, Louisiana 70657. Brewer is both President and Registered Agent for B&BNO.

II. FINDINGS OF FACT

4. On or about December 21, 2011, Brewer sold a Twenty-Five Thousand Dollar (\$25,000) investment interest in his oil and gas well project to Investor B.B. ("BB") of D'Iberville, Mississippi. The project was to re-work an existing well, Nelson Well #9, University Fields in East Baton Rouge Parish, Louisiana. BB would receive Seventy-five Percent (75%) of B&BNO's Fifty-five Percent (55%) working interest share of the well, plus additional proceeds based on additional revenue produced by the well.

5. Per BB's complaint to the Louisiana Securities Division, Mr. Brewer claimed to own a lease on the Nelson Well #9, and the money BB invested would be used to pay a crew to clean out the well to start it producing again.
6. According to the Mississippi Secretary of State Business Services website, B&BNO has never been registered to do business in Mississippi.
7. According to the Securities and Exchange Commission's ("SEC") EDGAR filings database, B&BNO has never filed a securities offering with the SEC.
8. According to the Mississippi Secretary of State Securities Division's registration and filings records, B&BNO has never registered or notice-filed any securities offering in Mississippi.
9. According to the FINRA Central Registrations Depository ("CRD"), neither B&BNO nor Brewer has ever been registered in MS or any state as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative.
10. The investment contract between B&BNO and Brewer states, B&BNO "shall remain as named operator of the Nelson Well and shall continue to operate the well as all other wells it operates within University Field." However, according to the Louisiana Department of Natural Resources ("DNR"), B&BNO is not registered or permitted as an operator or producer with the DNR.
11. As a result of persistent calls to Brewer, BB was returned approximately Twenty-One Thousand Dollars (\$21,000) of his Twenty-Five Thousand Dollars (\$25,000) investment over approximately two years following his initial investment.
12. According to Mississippi and Louisiana criminal records, Brewer had multiple arrests for fraudulent financial practices including credit card fraud, SBA Loan fraud and bank fraud. Brewer failed to disclose these arrest records to BB.

II. APPLICABLE LAW

13. Miss. Code Ann. § 75-71-102 (28) sets forth:

Definitions.

"Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term includes both a certificated and an uncertificated security. The term does not include an insurance or endowment policy or annuity contract under which an insurance company promises to pay a sum of money either in a lump sum or periodically for life or other specified period; or an interest in a contributory or noncontributory pension or welfare plan subject to the Employee Retirement Income Security Act of 1974. An "investment contract" includes, among other contracts, an investment in a limited partnership, an interest in a limited liability company, an investment in a viatical settlement or similar agreement, and an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

14. Miss. Code Ann. § 75-71-301 sets forth:

Securities registration requirement.

It is unlawful for a person to offer or sell a security in this state unless:

- (1) The security is a federal covered security;
- (2) The security, transaction, or offer is exempted from registration under Sections 75-71-201 through 75-71-203; or
- (3) The security is registered under this chapter.

15. Miss. Code Ann. § 75-71-302(c) sets forth:

Notice filings for federal covered securities under Section 18(b)(4)(E).

With respect to a security that is a federal covered security under Section 18(b)(4)(E) of the Securities Act of 1933 (15 USC Section 77r(b)(4)(E)), a rule under this chapter may require a notice filing by or on behalf of an issuer to include a copy of Form D, including the Appendix, as promulgated by the Securities and Exchange Commission, and a consent to service of process complying with Section 75-71-611 signed by the issuer not later than fifteen (15) days after the first sale of the federal covered security in this state and the payment of a fee as set forth in Section 75-71-310; and the payment of an additional fee the amount set forth in Section 75-71-310 for any late filing.

16. Rule 2.29 of the Act sets forth:

Notice filings for Rule 506 Offerings.

A. An issuer offering a security that is a covered security under Section 18(b)(4)(D) of the Securities Act of 1933 must submit to the Division or its designee, no later than fifteen (15) days after the first sale of such federal covered security in this state unless the end of that period falls on a Saturday, Sunday, or state or federal holiday, in which case the due date would be the first business day following, a conformed copy of an electronically filed SEC Form D as filed with the SEC in the version of that form accepted at the time of filing by the SEC for filings made pursuant to the Securities Act of 1933, Regulation D, Rule 230.506, the fee set forth in Section 75-71-310(b) of the Act and any late fee (if applicable) as set forth in Section 75-71-310(b) of the Act.

17. Miss. Code Ann. § 75-71-310(b) sets forth:

Required fees for notice filings for federal covered securities.

The filing fee for a notice filing with respect to a security that is a federal covered security under of the Securities Act of 1933 (15 USC Section 77r) is Three Hundred Dollars (\$300.00). The fee for a late filing, which is an additional fee, is one percent (1%) of the dollar amount of the offering sold in the state up to a maximum of Five Thousand Dollars (\$5,000.00).

18. Miss. Code Ann. § 75-71-501 sets forth:

General fraud.

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

- (1) To employ a device, scheme, or artifice to defraud;
fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

19. The Division may employ remedies set out in Miss. Code Ann. § 75-71-604 of the Act:

Administrative enforcement.

(a) Issuance of an order or notice. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aided, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the Administrator may:

(1) Issue an order directing the person to cease and desist from engaging in the act practice or course of business or to take other action necessary or appropriate to comply with this chapter;

(3) Issue an order:

(B) Imposing a civil penalty in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter;

(D) Requiring the person to pay restitution for any loss or disgorge any profits arising from the violation, including interest.

(g) Enforcement by court; further civil penalty. If a person does not comply with an order under this section, the administrator may petition a court of competent jurisdiction to enforce the order and collect administrative civil penalties and costs imposed under the final order. The court may not require the administrator to post a bond in an action or proceeding under this section. If the court finds, after service and opportunity for hearing, that the person was not in compliance with the order, the court may adjudge the person in civil contempt of the order. The court may impose a further civil penalty against the person for contempt in an amount set forth in Section 75-71-613 for each violation and may grant any other relief the court determines is just and proper in the circumstances.

20. Miss. Code Ann. § 75-71-613(d) sets forth:

(d) Amount of civil penalty and further civil penalty under Section 75-71-604--administrative enforcement.

(1) The amount of the civil penalty described in Section 75-71-604(d) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation, provided that an additional civil penalty may be imposed up to a maximum of Fifteen Thousand Dollars (\$15,000.00) for violations of the chapter committed against elders or disabled persons.

(2) The amount of the further civil penalty described in Section 75-71-604(g) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation.

ACTION NECESSARY TO PROTECT THE PUBLIC

21. The previous paragraphs are incorporated by this reference.
22. Action by the Division is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act.
23. Based upon the foregoing Findings of Fact, the Division makes the following:

III. CONCLUSIONS OF LAW

24. The previous paragraphs are incorporated by this reference.
25. The Administrator, after consideration of the facts set forth above, finds and concludes that the Secretary has jurisdiction over the Respondents and this matter and that the following is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by the Act.
26. The oil and gas investment offering of B&BNO and Brewer was a security.
27. At all relevant times to the Mississippi transaction, B&BNO and Brewer never registered or notice filed the oil and gas investment offering as a security with the SEC or Mississippi.

28. B&BNO and Brewer knowingly made material misrepresentations to Mississippi investor BB in the investment agreement by representing that B&BNO was the operator of the Nelson Well #9 and other wells in the University Field.

29. B&BNO and Brewer knowingly failed to disclose Brewer's financial fraud-based criminal arrest history to Mississippi investor BB.

ORDER

IT IS HEREBY ORDERED:

1. That Respondents immediately CEASE AND DESIST from performing any function or activity of the securities business in Mississippi;

2. It is FURTHER ORDERED that Respondents immediately PAY RESTITUTION to investor BB, in the amount of \$4,000.00 (Four Thousand Dollars), plus interest at the legal rate of interest from the date of purchase;

3. It is FURTHER ORDERED that Respondents immediately PAY AN ADMINISTRATIVE PENALTY of Fifteen Thousand Dollars (\$15,000.00) for two violations of the Section 75-71-501 and one violation of Section 75-71-301 of the Act as set forth above.

IV. RIGHT TO AN ADMINISTRATIVE HEARING

If the Respondents wish to contest the allegations set forth above, or offer evidence and arguments to mitigate the allegations, then the Respondents must file a request for hearing. Such request shall be made in writing to Jeffrey L. Lee, Senior Attorney, Securities Division of the Mississippi Secretary of State's Office, Post Office Box 136, Jackson, Mississippi 39205, within thirty (30) days from the date of receipt of this Order to Pay Restitution, to Pay Administrative Penalty, and to Cease and Desist. In the event such a hearing is requested, the Respondents may appear, with or without the assistance of an attorney, on a date and at a time and place to be specified and cross-examine witnesses, present testimony, evidence, and argument relating to the

matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondents' behalf at the hearing relating to the matters contained herein. If an administrative hearing is requested, written notice of the date, time and place, will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer. If a request for hearing is not timely filed, this Cease and Desist Order becomes final, without any further action, by operation of law and the Administrator may petition a court of competent jurisdiction to enforce the order and collect administrative civil penalties and costs imposed under the final order.

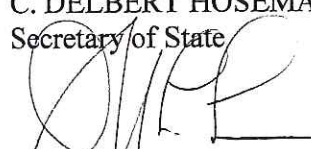
V. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Order to Pay Restitution, to Pay Administrative Penalty, and to Cease and Desist, for activities in violation of the Act.

ISSUED, this the 21st day of June, 2017.

C. DELBERT HOSEMANN, JR.
Secretary of State

BY:



JEFFREY L. LEE
Senior Attorney
Securities Division

CERTIFICATE OF SERVICE

I, Jeffrey L. Lee, do hereby certify that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Order to Pay Restitution, to Pay Administrative Penalty, and to Cease and Desist to the following:

B&B Energy of New Orleans, Inc.
201 St. Charles Avenue
New Orleans, LA 70170

David Arthur Brewer
134 South Pine Drive
Ragley, LA 70657

This the 21st day of June 2017.



JEFFREY L. LEE
Senior Attorney
Securities Division
Mississippi Secretary of State's Office

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